

**MINUTES
OF THE SPECIAL MEETING OF THE
EDINA CITY COUNCIL HELD AT CITY HALL
ON DECEMBER 1, 2008 AT 5:00 P.M.**

ROLLCALL Answering rollcall were Members Bennett, Housh, Swenson and Mayor Hovland. Member Masica entered the meeting at 5:10 p.m.

TRUTH IN TAXATION PUBLIC HEARING HELD FOR PROPOSED 2009 CITY BUDGET Pursuant to published notice given, the Edina City Council conducted a public hearing on the proposed property tax increase in the 2009 Budget for the City of Edina.

Mayor Hovland stated the purpose of the Truth in Taxation hearing would focus on the proposed 2009 City of Edina Budget. He said the budget review would relate to the monies' source and how the monies would be expended on the various functions and services of the City. Residents with questions relating to the valuation placed on their homes should plan to appear at the Board of Review in the spring of 2009.

Manager Hughes introduced a short video entitled 14 Reasons Property Taxes Go Up or Down produced by the League of MN Cities, the Association of MN Counties, and the MN School Boards' Association. Mr. Hughes said filming and technical work on the video was done by Tremendous Entertainment 2006.

Following the video, Mr. Hughes reviewed the 2009 proposed expenditures of \$32,437,957. He explained this would be an increase of \$1,901,694 or approximately 6.23%. Mr. Hughes noted that \$588,453 of the increase represented the first year's debt service on bonds proposed to be issued to finance the purchase and reconstruction of the proposed Public Works Facility. Mr. Hughes said the City's tax revenues must increase \$1,543,490 or 7.01% from 2008 to support the proposed expenditures. Mr. Hughes said the draft budget included no new staff, services or programs.

Mayor Hovland asked for elaboration on the proposed levy to cover the Public Works Debt Services. Mr. Hughes replied the City had a purchase agreement for 7450 Metro Boulevard and was waiting for a letter from the State regarding some environmental concerns. He added the Council must decide whether to levy for debt service for bonds that will be sold to finance the purchase and reconstruction of the property into a Public Works facility. Mr. Hughes added that staff recommended levying in 2009 to save on capitalized interest. He referred the Council to a memorandum prepared for the Council by the City's bond consultant Ehlers & Associates.

Public Testimony

Jason Jones, 5109 Mirror Lakes Drive, asked the Council to look at the total money spent for 2009. He said his taxes had doubled since 2002, and in his opinion the rate of spending was too high. He was not concerned with his value, but said taxes must stop increasing.

Don Hykes, 5527 West 70th Street, said he thought the City was efficiently operated, but that with the economic times seniors were in a difficult position. He asked that the budget be reviewed in hopes of reducing it.

Tim Bjorklund, 6416 Timber Ridge, agreed with previous speakers. Mr. Bjorklund said the current economic situation should dictate how the City comprised their 2009 budget with lower taxes and cost cuts.

Bill Nelson, 6400 York Avenue, asked how the largest increase since 2006 could be considered during the current economic times.

Member Swenson made a motion to close the Truth in Taxation Hearing. Member Housh seconded the motion.

Ayes: Bennett, Housh, Masica, Swenson, Hovland
Motion carried.

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The Council asked Mr. Hughes to explain the budget process. Mr. Hughes said that beginning in June, assumptions were developed that were a forecast of the following year's needs based on legislative changes and programs of the City. In June and July, the City Council established thresholds from which staff prepared a draft budget. In September, the Council adopted a maximum levy. He explained this maximum levy was used to develop the Truth In Taxation notices. Mr. Hughes said that a hearing was held in October at which time the City's boards and commissions offered input. The parcel-specific notices were sent out, and the Truth In Taxation hearing was held. The final step in the process was to adopt the 2009 Operating Budget at the December 16, 2008, Council meeting.

It was noted that city government operations consisted of services to citizens in administration, public safety, or parks and recreation; therefore city budgets consisted largely of personal services. The process for developing the budget was discussed. Assumptions began with all departments submitting their "wish list" scenario which was then reviewed and three scenarios developed for the Council to review. The 2009 increases were driven by a 3.5% increase in personal service (2009 was the second year of labor contracts) and increases in commodities. When the draft was developed, commodities prices were rising at record levels. The budget as presented—~~represented~~—maintained the same level of service as the previous year with no personnel increases, program increases or service increases.

The Council's discussion included: the potential effect, if staff were directed to reduce the proposed budget to a lower than four percent increase, whether or not the levy should include the Public Works Debt Service, what would happen to the Debt Service levy if the City were to decide not to move forward on the Public Works Facility, and some specific budget questions on the reduced overtime in the Police and Fire Department budgets.

Mr. Hughes explained that if the Council adopted the proposed debt service levy and the Public Works Facility on Metro Boulevard did not move forward, options included: reducing the 2010 levy or using the funds to work on the existing Public Works site.

Chief Siitari explained the Police Department had gone to compressed scheduling where officers worked twelve hour shifts which reduced overtime. They also hired a part-time dispatcher to cover hours at a straight-time rate. Chief Scheerer said the Fire Department eliminated the Fire Department Open House for 2009 and reduced its training budget in order to reduce their overtime.

The Council directed staff to review the draft budget and bring alternatives to the Council for consideration when adopting the final operating budget on December 16, 2008.

Member Swenson made a motion cancelling the December 8, 2008, continuation date for the 2009 Truth in Taxation hearing. Member Masica seconded the motion.

Ayes: Bennett, Housh, Masica, Swenson, Hovland

Motion carried.

Mayor Hovland adjourned the meeting at 6:37 p.m.

Respectfully submitted,

City Clerk